JFK ASSASSINATION SYSTEM
IDENTIFICATION FORM

AGENCY : NARA
RECORD NUMBER : 176-10036-10179
RECORD SERIES : National Security Files
AGENCY FILE NUMBER :

ORIGINATOR : DOS
FROM :
TO :
TITLE : Status Report on Southeast Asia
DATE : 7/11/1962
PAGES : 10
SUBJECTS :
DOCUMENT TYPE :
CLASSIFICATION :
RESTRICTIONS :
CURRENT STATUS :
DATE OF LAST REVIEW : 9/10/2000
OPENING CRITERIA :
COMMENTS : National Security Files, Box 203: Vietnam Status 7/11/63. Box 1

SEE SANITIZED VERSION NLK-81-235

(1a)

SECRET

STATUS REPORT

ON

SOUTHEAST ASIA

JULY 11, 1962

PREPARED BY:

TASK FORCE SOUTHEAST ASIA

DEPARTMENT OF STATE

SECRET

VIET-NAM

Current Overall Evaluation

The general trend appears slightly favorable, with the GVN continuing to improve its military, and to a limited extent, its political and economic position. Basic problems are being eroded but quick and decisive action is rare. There were no major breakthroughs or important victories and none appear likely in the immediate future. The Viet Cong show no weakening in strength or determination despite reportedly heavy losses.

On the military side, Operations Binh Minh and Hai Yen continued well. Viet Cong casualties were up and their activities down (there is an unconfirmed news report that a major battle took place July 3, however, in which the VC defeated a regular army battalion). This may be due to reorganization and weather rather than GVN successes. The GVN took several good but minor steps to increase popular support for the war effort, and several rural social and economic programs moved ahead significantly. On the international front, there were some favorable responses to our efforts to set up an aid coordinating group of donor nations. Economic conditions improved somewhat, with stable prices, credit a little less tight, consumer goods sales and tax collections up, and rice deliveries continued good.

Fearing that the prospective Laos settlement will facilitate Viet Cong activities and that it may presage a U. S. move to neutralize Viet-Nam itself, the GVN has made difficulties at Geneva over several issues and threatens to boycott the conference. President Kennedy has sent Diem a personal letter stressing the importance we attach to a Laos settlement and our determination to continue to help Viet-Nam defend itself. There is no response as yet.

Progress on Action Program

1. VC Activity

Viet Cong activity continued at a relatively low level, with armed attacks falling to the lowest point over a year, 60, for the period 20-27 June and rising only slightly to 75 for the period June 27 - July 4. The lack of VC aggressiveness is likely due to the rainy season and their efforts to regroup in order to counter the improved mobility and performance of the GVN forces. Observing that this appears to be a period of VC reorganization and assimilation of recent infiltrators, COMUSMACV reports indications that VC units which previously operated as separate platoons and companies are now being formed into battalions. Infiltration evidently continues, but good intelligence is scarce. MACV J-2 estimates infiltration in May at 800-1,000 and 800 for the first three weeks of June, but this information is unconfirmed and there are no reports of infiltration since.

In spite of reduced VC activity, VC casualties were high and included some main force personnel. For the period 20-27 June the VC suffered a reported increase of casualties of almost 25 per cent over the previous reporting period. Killed in action for the two week period were 865 VC and 141 friendly forces.

Reports continue to indicate a critical VC shortage of medical supplies. Unconfirmed reports raise the possibility that the VC are attaining an anti-aircraft capability.

(Following items are keyed to the Viet-Nam draft action program of July 3)

2. Strengthen popular support. The GVN took several steps to generate more popular support in the last two weeks. These include the July 7 release of 794 prisoners in connection with the celebration of the "double seven" holiday (anniversary of Diem's coming to power), a stepped-up drive to root out low-level corruption and abuse of power by GVN officials, and a Presidentially proposed amendment to the Constitution permitting the questioning of Cabinet Ministers both by Committees of the National Assembly and by the National Assembly in plenary session. The prisoners released may include leading oppositionist Phan Quang Dan, who has been in prison since his participation in the attempted 1960 coup. We have urged the last item on Diem in the past in an effort to increase the powers and prestige of the National Assembly.

Another favorable development is increased emphasis on working with and for the people in the current training program for strategic hamlet cadres. Ngo dinh Nhu (President's brother in charge of the strategic hamlet program) is concerned that the program win genuine popular support. He favors the election of hamlet officials by secret ballot instead of by customary show of hands. This is now being done in some hamlets.

4. Seek International Support

(a) Cambodian Relations. The GVN replied mildly to the Cambodian note concerning the ARVN border incursions of June 16, but did not apologize or offer indemnities. The note insists that all precautions were taken to avoid crossing the poorly marked frontier, admits that in spite of these precautions the frontier may have been violated, points out that any such inadvertent crossing was not motivated by hostility toward Cambodia, denies the arrest of or harm to Cambodian inhabitants, and proposes a mixed border control committee to study frontier incidents and provide for future border cooperation.

Another source of GVN-RKG friction, disputed coastal islands, was the subject of an exchange of notes which threatened to stir up further trouble between Cambodia and Viet-Nam.

(b) Third Country Aid. The United States has suggested a Saigon, and possibly a later Washington meeting of donor country representatives to coordinate aid to Viet-Nam. The intention is to stimulate more third country aid if possible, and to make sure that current third country contributions are being effectively applied. To date, Australia and New Zealand have indicated willingness to participate in such meetings, Germany will take part in informal Saigon meetings but would not attend any formal Washington gathering, and the Japanese are "proceeding with caution" because of the expressed fear that too close identification with the U.S. will open up Japanese technicians in Viet-Nam to Viet Cong reprisals. Canada has declined to participate because of its membership on the ICC. The Belgians, French, Italians and the UK have not yet responded.

Negotiations for the integration of Australian trainers into our MAAG appear near completion. The GVN has indicated its willingness to receive a New Zealand medical team at any time and the details are being worked out with Wellington and Saigon.

10. Military Civic Action

The 31st Engineer Battalion assisted the local population at Cheo Reo in Pleiku Province in the construction of a Buddhist temple. In addition to the 150,000 copies of a news sheet distributed weekly by soldiers to the local civilian population, 35,000 copies of the sheet were also air dropped.

12. Develop and Implement Mutually Agreed Plans

Operations Binh Minh and Hai Yen. Saigon reports both clear-and-hold operations continuing to make progress without serious VC reaction. Increased contact with the VC is reported in the Hai Yen area, however, as the military move into VC territory.

Hamlet Councils have been elected in the Hai Yen area, but the Embassy notes a serious problem in the fact that a hamlet Council member receives only 300 piasters (about $4.00) per month for what is theoretically a full time job. In Operation Binh Minh, an effort will be made to induce the people to move voluntarily into the fourth village to be set up there. The plan calls for extensive propaganda and explanations in advance of the move, establishment of military control over the area so that the people will be free to move voluntarily, and up to 15 days to accomplish the move itself (previous regrouping actions allowed only a very short period for the physical move).

Montagnards. Latest information developed as a result of joint surveys indicates the Montagnard situation is more a long term problem than an emergency. There has in fact been a movement of some 17,000 Montagnard as a reaction to VC pressures, and this movement will probably continue, particularly if the GVN provides adequate food and security.

Almost all Montagnard refugees are at least temporarily resettled and receiving minimum food, shelter and security.

The Embassy comments that while this information somewhat reduces the urgency of the problem, it does not change the problem's magnitude or importance. Difficulties stemming from the absence of a well directed, national Montagnard relief program, limited relief resources, and the Vietnamese prejudice against the Montagnard continue. But the principal and most encouraging aspect is the fact that the Montagnard have fled the VC pressures and more may do so.

Strategic Hamlet Program. The second ten day training course for 490 strategic hamlet cadres was inaugurated by Ngo dinh Nhu in Saigon July 2.

Future Plans. According to CAS, General Dinh's plan for the pacification of Binh Dinh province has been approved by Diem and will soon be presented to the Embassy. The First Corps Commander is also reportedly developing plans for two provinces in his area; these plans are said to stem from the U.S. interest and support for Hai Yen.

15. Provide Increased Technical Assistance.

Village Radios. As of July 4, 817 of the planned 2500 village radios were installed and operating. Tests of radios for use on trains were started.

Defoliation. The Embassy has proposed a test of the effectiveness of defoliants against VC food patches in the mountainous area of Operation Hai Yen. Governor Harriman opposes the use of defoliants on food crops because of the effect on Asian opinion. Decision and action will be delayed until the Governor's return from Geneva.

20. Integrate Economic Measures with Counterinsurgency Effort.

Agricultural Extension. A pilot training program for agricultural efforts associated with counterinsurgency plans opened July 3 in Qui Nhon. One hundred farmers will study farming and stock raising methods for one month, including the use of fertilizers and pesticides.

Provincial Hospitals. Construction of four of the 25 planned hospital surgical suites began on schedule.

Anti-Rat Program. The USOM-supported rat destruction campaign was carried out in ten northern provinces June 12-22, resulting in the destruction of an estimated 15-20 million rats or 20,000 per village.

25. Publicize the War Within Viet-Nam and Internationally.

Viet-Nam Photo Service. USIS Saigon is sending out a weekly packet of photos designed to enlist third country interest and support for the GVN

war effort. Eight posts have reported favorably on the effort, indicating no difficulty in placing the photos in leading newspapers.

28. Establish Network of USIS Sub-posts.

The GVN has agreed to the establishment of virtually any number of USIS sub-posts throughout the country. Negotiations on locations and physical arrangements are underway.

THAILAND

Current Situation Evaluation

The RTG has accepted the International Court decision awarding the disputed Phra Viharn Temple to Cambodia. Thai delegates attended the Geneva Conference on Laos, which reconvened on July 2, but the RTG has not yet announced its intention to attend the next meeting of the SEATO Council of Representatives in mid-July.

On July 2 the US began the redeployment of 1,000 Marines from the Third Marine Expeditionary Brigade at Udorn. Possible Thai concern over this move was lessened by our informing them at the same time of a US-financed program to improve logistic facilities in Thailand (see below).

On June 29 police arrested one suspected Communist in Chiengrai and one in Lampang, both in the North of Thailand. The Thai press reports that subversive documents were confiscated at both locations. According to unconfirmed reports these documents originated from a Communist propaganda ring operating out of Northeastern Burma.

Progress on Action Program

1. Improved Logistic Facilities

We have outlined to the RTG our proposed program to improve logistic facilities in Thailand. The program would consist mainly of a POL pipeline to Korat in the northeast, rolling stock, airfield improvement, storage areas, and prepositioning of heavy military engineeringequipment. The Thai have agreed to the proposal in principle although Sarit reserved his decision on our request that the RTG provide the right-of-way for the pipeline and in-country transportation.

2. Internal Security Plan

We have instructed Embassy Bangkok to cable summaries of those portions of the plan which will not have been pouched in time to reach the Department by July 11. This will permit consideration of the basic components of the entire plan during Secretary McNamara's forthcoming trip to Honolulu.

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LAOS

Current Situation Evaluation

The principal remaining issues before the Geneva Conference, including SEATO, having been resolved, it is anticipated that the new Accords may be signed next week. There is nevertheless one serious stumbling block, which endangers the satisfactory conclusion of the Conference, i.e., the possible refusal of the GVN to sign. The GVN's position stems from its belief that so many concessions have been made to the Communists that the security of SVN is gravely threatened. We are, however, hopeful that Diem will still be persuaded that we have achieved the best obtainable compromise for Laos and that we stand firm on our commitments to SVN.

Progress on Action Program

There has been little progress on our action program. We are concentrating at present on the following problems:

1. Economic Assistance. Elaboration of our future aid to Laos awaits the visit of Souvanna Phouma to Washington, tentatively scheduled for July 25-27. In the meantime, we seek to spread the burden of providing Souvanna with the material assistance he requires by enlisting contributions from other Free World nations.

2. RLG Diplomatic Relations. The RLG's decision to recognize 5 bloc countries and accept an exchange of Ambassadors poses a major problem with respect to the GVN, GRC, Federal Republic of Germany and the ROK. Further action by the RLG is deferred until Souvanna's return to Laos. In the interim we are attempting to assist the pro-Western countries involved in establishing or maintaining satisfactory representation in Laos.

3. ICC. We have asked our Geneva delegation to request the ICC to prepare a detailed budget and list of equipment needs so that we will be prepared to meet quickly our share of the requirements. With regard to the essential heavy equipment - helicopters and light aircraft - we are taking steps to make it immediately available to the ICC.

4. MAAG Withdrawal. With the signing of the Accords, we will seek Canadian cooperation in utilizing to the full the 75-day period for the withdrawal of foreign military personnel. This will give us the maximum possible opportunity to determine whether the DRV is abiding by its commitments and whether the Soviets as Co-Chairman are carrying out their undertaking.

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BURMA

Current Situation Evaluation

The internal situation remains unstable. This fact was highlighted by incidents on July 7 and 8 when student demonstrations led by pro-Communist organizations were ruthlessly repressed by the police and army. These incidents could well lead to increased public disaffection with the Ne Win regime and to a rift between the regime and the opportunistic leftist groups who have, heretofore, been its only outspoken civilian political supporters.

Internal security conditions are apparently continuing to deteriorate, though not dramatically. A special Government amnesty offer expired June 30 without producing significant response from the insurgents.

Progress on Action Program

1. Political

It has been confirmed that Brigadier Tin Pe of the Union Revolutionary Council will come to Washington for medical treatment as planned probably in late July, although precise dates have not been determined.

2. Economic (AID)

No new developments.

3. Military

a. The Burmese are ready formally to accept the FY 1962 military "sales" program. State and DOD have agreed to accelerate deliveries of M2 carbines as requested by the Burmese, to the extent production facilities permit, in order to contribute to planned post-monsoon counter-insurgency operations. This action will also, hopefully, earn some political credit for the United States.

b. Embassy Rangoon has confirmed that United States training for Burmese officers will be continued under the FY 1962 program. 117 prospective students have been processed for the coming year.

CAMBODIA

Current Situation Evaluation

Cambodia's differences with neighboring Thailand and South Viet-Nam continue, but they have so far not significantly affected the presently generally satisfactory relations between the United States and Cambodia. Thai moves concerning Preah Vihear temple are being watched closely, and it appears likely that if the announced decision to respect the World Court's award is not implemented by September the matter may be brought by Cambodia to the attention of the UNGA. The dispute between Cambodia and Viet-Nam over the ownership of islands off the Cambodian shore has come to the fore again, with the GVN rejecting a Cambodian protest against Vietnamese naval movements near them on the grounds that they belong to Viet-Nam. Organization of a new Cabinet has been postponed pending religious rites celebrating the World Court decision. New evidence of anti-Sihanouk plotting in Bangkok has developed.

Progress on Action Program

1. RKG-GVN Border Commission (Pol. 8). The GVN reply to the RKG's protest against the June 16 border violations is not entirely satisfactory, but Phnom Penh believes it may allow progress on the border commission proposal and has raised this possibility with the Foreign Ministry.

2. Force Increase (Mil. 1). The initial reaction of the RKG to approval of the request for a force increase of 3,184, for MAP support only, is one of disappointment that military budget support was not included.

3. New Aircraft (Mil. 5). Four T-28 aircraft, first increment of sixteen, have arrived in Cambodia. Formal turnover awaits the arrival of Ambassador Sprouse.

4. Highway Repairs (Econ. 9). Invitations to bid have been sent out, and the repair contract is scheduled to be awarded by August 15. Contractors would be scheduled to commence work November 1, under the proposed contract.